

MADISON'S LUMBER REPORTER



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News & Updates

Interfor Markets Ilim

Vancouver, BC's, Interfor and Ilim Timber, based in Germany and Russia, announced Thursday they have reached an agreement under which Interfor will market Ilim Timber's European lumber products in North America.

The first shipment of European spruce and red pine will arrive on the eastern seaboard of the US in the second half of October. The sales agreement builds on the relationship between Interfor and Ilim Timber and follows Interfor's acquisition earlier this year of two sawmills in the US South from a subsidiary of Ilim Timber.

Housing Starts, US

US home building rebounded in September on the strength of apartment construction, a category that provides less of an economic boost than single-family homes. Housing starts rose 6.3 per cent in September from a month earlier to a seasonally adjusted annual rate of 1.017 million units, the Commerce Department said Friday. Building permits increased 1.5 per cent last month to a 1.018 million rate.

After a sharp fall early in the year, starts did rebound to match a postrecession high of a 1.1 million annual rate in July before slipping in August. Starts in August fell 12.8 per cent from July, a slightly smaller decline than initially estimated.

Single-family starts remain down 9 per cent from the postrecession peak established in November 2013. Starts of properties with five or more units, mainly apartment buildings, have increased 22.7 per cent so far this year, compared with the first nine months of 2013. **CONT'D PAGE 7**

US Builder Confidence

The US Home Builder Confidence Index, which measures confidence in the market for new single-family homes, declined by five points to a seasonally adjusted level of 54 in October, the National Association of Home Builders said Thursday. A reading over 50 means most builders generally see positive conditions.

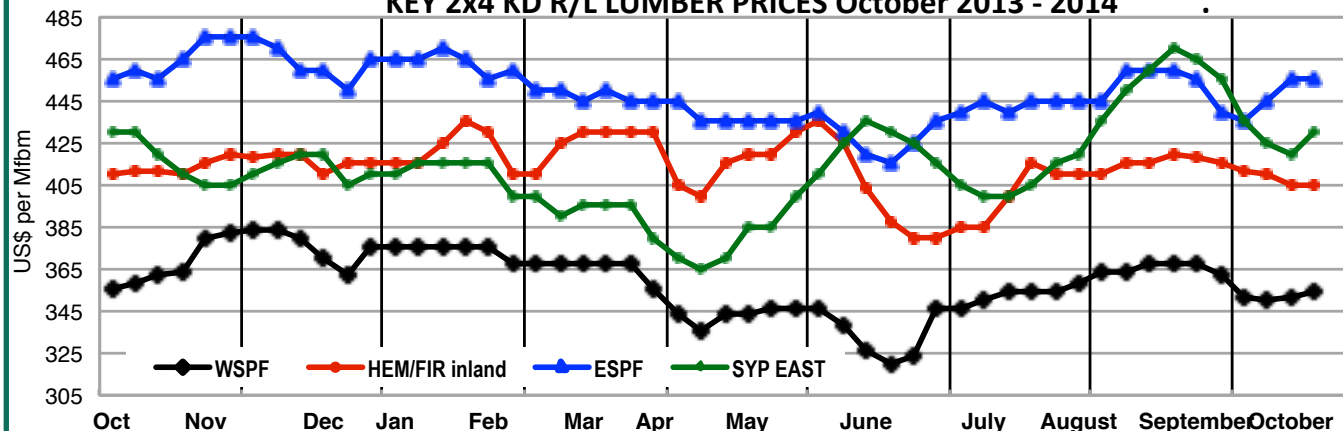
The index jumped in September to 59, its highest level since November 2005. October marked the index's first decline since May, though it remained above the 50-point threshold for a fourth consecutive month.

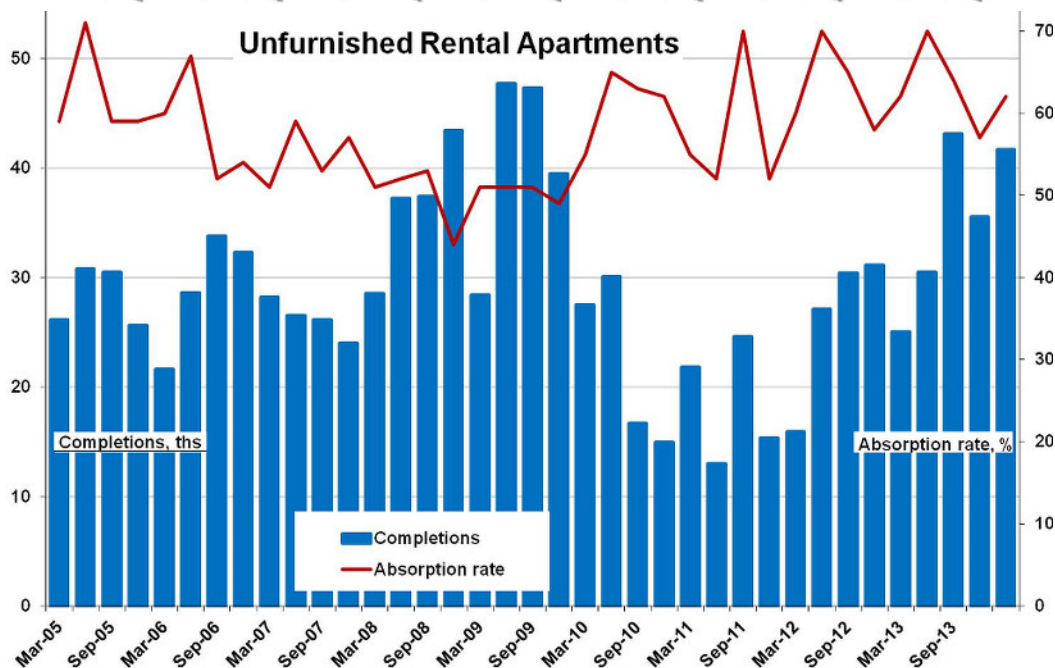
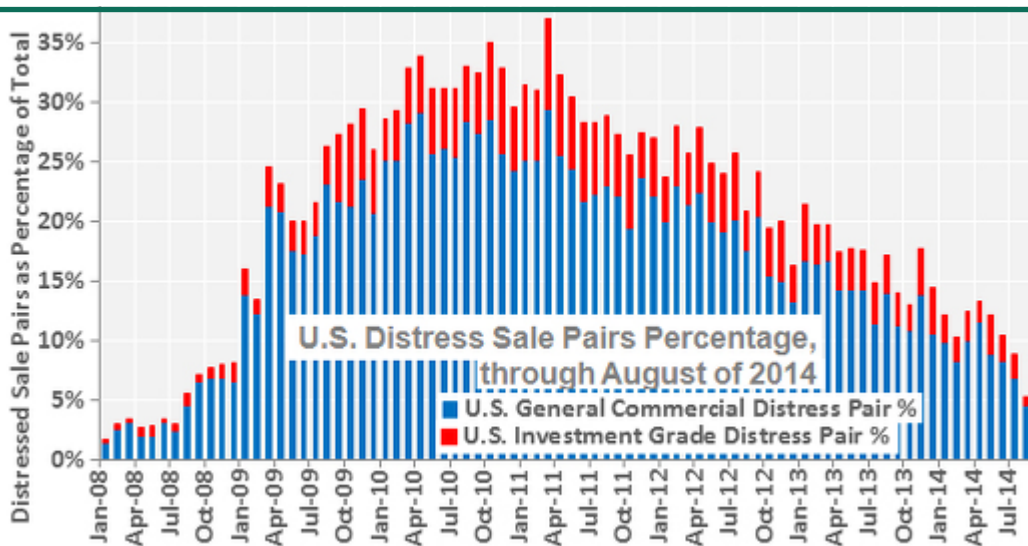
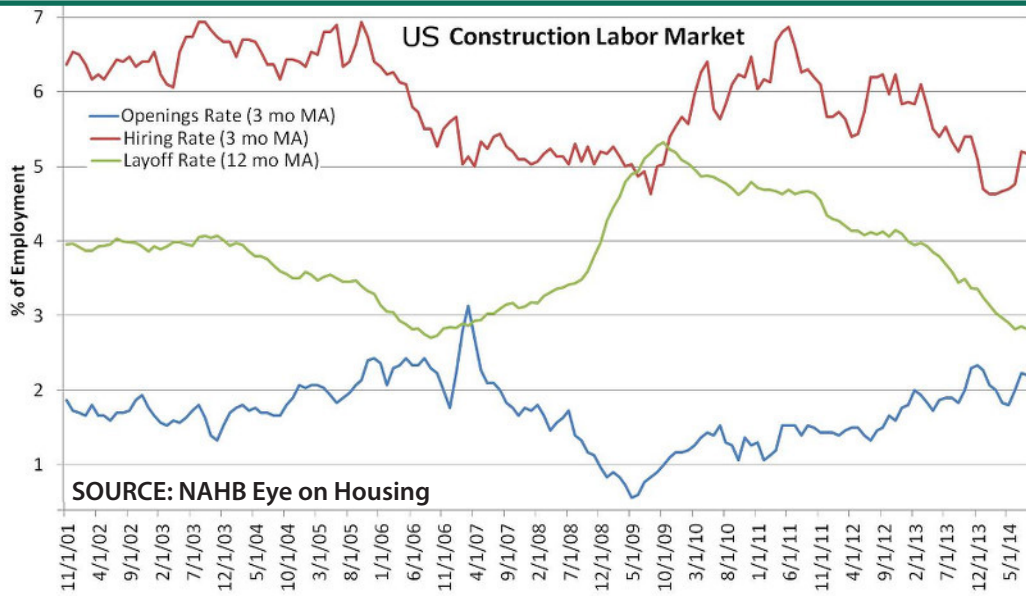
"Historically low mortgage interest rates, steady job gains and significant pent-up demand all point to continued growth of the housing market," said David Crowe, the NAHB's chief economist. **CONT'D PAGE 7**

Wooden Skyscrapers

The Oregon Zoo in Portland, home to the World Forestry Center, expects to install that state's first building using cross laminated timber (CLT) this month, according to the Portland Tribune Thursday. As well, US home builder DR Johnson is reportedly building one of America's first CLT production facilities in Riddle, OR. **CONT'D PAGE 9**

KEY 2x4 KD R/L LUMBER PRICES October 2013 - 2014





SOURCE:
NAHB
Eye on
Housing



Madison's Weekly Lumber Key Prices Table

www.madisonreport.com

	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change
Prices are in U.S. dollars per 1,000 fbm (net FOB mill)							
WSPF KD R/L 2x4	354	352	+2	362	-8	362	-8
WSPF KD R/L 2x6	370	366	+4	380	-10	340	+30
WSPF KD R/L 2x8	366	366	0	378	-12	340	+26
WSPF KD R/L 2x10	374	374	0	388	-14	444	-70
WSPF KD PET 2x4 Stud	355	355	0	345	+10	319	+36
WSPF KD PET 2x6 Stud	385	390	-5	340	+45	295	+90
Douglas Fir Green R/L 2x4	325	325	0	325	0	322	+3
Douglas Fir Green R/L 2x10	415	415	0	380	+35	470	-55
ESPF KD 2x4 8ft Stud	430	435	-5	435	-5	380	+50
OSB Ontario 7/16" (CDN\$)	228	218	+10	205	+23	235	-7
CSplywood Toronto 3/8" (CDN\$)	461	453	+8	457	+4	371	+90

Madison's Weekly Lumber News

US Housing Starts

CONT'D FROM PG 2 Newly started single-family units, roughly two-thirds of the market, rose just 1.1 per cent in September. Permits for the category declined 0.5 per cent. It has largely been a disappointing year for single-family construction, with starts up just 3.8 per cent through the first nine months of the year, compared with the same period in 2013.

Lower interest rates on mortgages could also boost demand for homes late in the year.

Builder Confidence, US

CONT'D FROM PG 2 The National Association of Home Builders/Wells Fargo builders confidence index fell from September in all four regions of the country. At 54, October's reading was unchanged from the same month a year earlier.

While weaker than expected, "the October figure was not especially bad by the standards of this expansion," J.P. Morgan Chase economist Daniel Silver

said in a note to clients. "We think the housing market will likely continue to improve over time, but the related indicators have been mixed lately and there will likely continue to be ups and downs in the data throughout the housing recovery."

Growth in construction of multi-family housing, such as apartment buildings, has outpaced construction of traditional single-family homes. Overall housing starts rose 8.6 per cent in the first eight months of the year compared with 2013. But new construction on single-family homes rose just 3.1 per cent, and building permits for single-family homes were flat from a year earlier, according to Commerce Department data.

Also Thursday, NAHB reported that its barometer of builders' views on present sales of single-family homes fell six points to 57 in October. Meanwhile, a barometer of builders' views on upcoming sales fell three points to 64. And a gauge of prospective-buyer traffic dropped six points to 41.

GP Expands Sawmill

Georgia-Pacific, out of Atlanta, GA, announced plans Thursday to invest US\$37 million in its lumber plant in Gurdon, AR, to expand the production capacity of the sawmill by about 60 per cent. The improvements include the installation of a new continuous dry kiln and a planer mill, in addition to infrastructure improvements. The project is expected to be complete by 3Q 2015.

Georgia-Pacific said it is also evaluating about a US\$20 million investment into the Gurdon plywood mill to increase its efficiency and capacity, and reduce air emissions.

Calendar

November 2014

Wood Pellet Association AGM
November 17 - 19 - Vancouver, BC
<http://www.pellet.org/wpac-agm-agenda>

NAWLA Traders Market 2014
November 12 - 14 - Chicago, IL
<http://www.nawla.org/events/2014-traders-market/>



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Cross Laminated Timber

Tall Wood Structures

Madison's regular readers are familiar with Structurlam, a successful CLT manufacturer in Okanagan Falls, BC.

CLT is an engineered wood product made of 2-by-6s glued together in huge sheets then cross-hatched in three to nine layers, that can be used to erect highrises up to 40 stories. It can be up to 18 inches thick, 10 feet wide, and 80 feet long. If this "plywood on steroids" supplants concrete and steel in larger buildings, it could lower carbon emissions and construction costs while creating new jobs in rural forestry communities.

CLT also can be made from lower-grade timber, especially the layers that won't be visible.

Oregon's timber industry is subject to wild swings due to its dependence on the cyclical homebuilding industry, explained **Thom** as Maness, dean of the College of Forestry at Oregon State University to the Tribune, so finding new uses in commercial buildings could help weather future downturns and create more job stability.

In terms of construction, it takes at least a dozen workers to install reinforced concrete, he says, but only four or five to frame with CLT. Because crews are working with large components custom-made in the plant, CLT buildings can go up much faster — about a floor per week vs. 2.5 weeks for concrete.

A new study was conducted by Mahlum Architects and Coughlin Porter Lundeen Engineering, both out of Washington State, and Walsh Construction of Chicago, IL, to determine the feasibility of CLT construction in the Pacific Northwest, mainly focusing on Seattle. The first of its kind, the study found that CLT construction is cheaper than conventional methods, but not by much. However, the study predicts that in the future, building material could get a lot cheaper, according to the Journal of Commerce October 8. It also reduces the carbon footprint of buildings.

That study defined "low high-rise buildings" as being taller than 75 feet but shorter than 125 feet. When compared to the base 10-storey concrete building, the CLT option offered an estimated four per cent cost saving.

As for the carbon footprint, in Britain — where the construction industry accounts for almost 7 per cent of the economy (including 10 per cent of total employment) — 47 per cent of greenhouse gas emissions are generated from buildings, while 10 per cent of CO2 emissions come from construction materials, said The Guardian October 8. Furthermore, 20 per cent of the materials used on the average building site end up being discarded as residue.

British Columbia allowed six-storey residential wood buildings five years ago, which resulted in more than 50 structures being built and another 250 in planning stages. Ontario also recently altered its building code to allow for six-storey wood residential structures.

The University of British Columbia in Vancouver, BC, issued an Express Of Interest this summer for architectural firms to design a wood-based high-rise tower between 16 to 18 storeys. At a height of 53 metres, it will be the world's tallest wooden building of its kind. The mixed-use student housing wooden tower will include new academic space, up to 400 beds for upper year and graduate students, and student amenities — all in a floor area of 157,000 square feet.

In 2011 the eight-storey Bridgport House went up in London, UK, in 10 weeks.

A 10-storey CLT tower, Forté, opened in Melbourne, Australia, last year, and Danish architect CF Moller has won a building competition with designs for a 34-storey residential wooden skyscraper in Stockholm, Sweden.

In Europe, a 14-storey wooden building is currently under construction in Bergen, Norway, with another eight-storey structure on its way up in Dornbirn, Austria — the prototype for a 20-storey 'plyscrapper' (plywood skyscraper) designed by the global engineering firm Arup.

Arup is currently working to educate engineers in China on the use of wood.

"Timber, despite being the world's oldest construction material, is now the most modern," said Alex de Rijke, director of London-based dRMM architects, to the Financial Times September 26. "It has undergone a renaissance in terms of processing and manufacturing of engineered timber, as opposed to just building with joists and planks. It's now a whole family of very sophisticated, high-performance engineered products. CLT is the 'new

concrete'."

Protection from the elements is key, explained Liam Dewar, director of Urban, timber engineers and contractors to Financial Times. He said CLT has "a lifespan equivalent to concrete or masonry", and points to old churches in Britain and Europe that have timber beams which have been around for hundreds of years.

A Yale University-led study published in March estimates that "the world's forests contain about 385 billion cubic metres of wood, with an additional 17 billion cubic metres growing each year. A mere 3.4 billion cubic metres is harvested annually, mostly for subsistence fuel burning; the rest rots, burns in fires, or adds to forests' density," writes Professor Chad Oliver, director of the Global Institute of Sustainable Forestry at Yale University in the Journal of Sustainable Forestry. "Swapping steel, concrete, or brick for wood and specially engineered wood equivalents would drastically cut global carbon dioxide emissions, fossil fuel consumption and represent a renewable resource. Managed properly, this can be done without loss of biodiversity or carbon storage capacity."

CLT has been slow to gain a foothold in the United States, which many blame on antiquated building codes that limit wood buildings to five or six stories. But new building codes should end those height limits, and that likely will get adopted by Oregon next year.

This year the Singapore Civil Defence Force (SCDF) officially revised its fire code after a thorough safety assessment to allow the use of CLT for structural components in buildings, according to EcoBusiness September 16. This change came about thanks to the efforts of Australia's Lend Lease, which has been leading efforts to promote the use of CLT technology in Singapore as a cost-saving, environmentally-sustainable building system.

Singapore's government has been cutting back on foreign manpower quotas to soothe the growing friction between locals and foreigners in the densely-populated city. The price of sand has also jumped as several Southeast Asia countries have banned the export of sand and granite to Singapore, citing environmental degradation caused by sand extraction.

Initially Singapore stipulated that CLT buildings could not exceed four storeys. Eventually, the height limit for CLT buildings was increased last November to a maximum of 24 metres, or six or seven storeys, after authorities conducted a further European study tour of CLT buildings.